

### **Mark-to-Market Program**

Preserves long-term low-income housing affordability by restructuring FHA-insured or HUD-held mortgages for eligible multifamily housing projects.

**Nature of Program:** The Multifamily Assisted Housing Reform and Affordability Act of 1997 (MAHRA) authorized a Mark-to-Market (M2M) program designed to preserve low-income rental housing affordability while reducing the long-term costs of federal rental assistance, including project-based assistance from HUD, for certain multifamily rental projects. The projects involved are projects with (1) FHA-insured or previously FHA-insured, now Secretary-held, mortgages; and (2) contracts for project-based rental assistance from HUD, primarily through the Section 8 program, for which the average rents for assisted units exceed the rent of comparable properties. The program objectives are to (1) preserve housing affordability while reducing the costs of project-based assistance; (2) restructure the HUD-insured or previously FHA-insured, now Secretary-held financing so that the monthly payments on the first mortgage can be paid from the reduced rental levels; (3) reduce the costs of insurance claims; and (4) ensure competent management of the project. In 2004, the M2M program expanded its objectives and took on a green initiative component, offering financial incentives to owners for greening their portfolio (such as making water and energy efficient improvements and using sustainable building materials and products to achieve reduced water and energy consumption). The restructured project is subject to long-term use and affordability restrictions.

**Legal Authority:** Multifamily Assistance and Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note). Regulations are at 24 CFR part 401.

**Administering Office:** Assistant Secretary for Housing-Federal Housing Commissioner, U.S. Department of Housing and Urban Development, Washington, DC 20410.

**Information Source:** Administering office.

**Current Status:** Active.